



Economic Development

United States Embassy in South Africa

AMERICA INVESTS IN SOUTH AFRICA

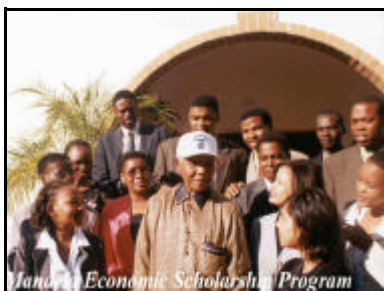


BACKGROUND

South Africa has the strongest economy on the continent. Nearly half of the income in sub-Saharan Africa originates in South Africa. The country's market-oriented economy encompasses mining, manufacturing, agriculture and services.

Progress has been significant since 1994, but apartheid caused poverty, hindered sustained growth and affected education. Unemployment stands at 30%, and about 60% of black South Africans are impoverished. Housing, basic services, education and skills are widely inadequate. The income gap remains vast. High crime rates and difficult labor relations deter investment and encourage brain drain.

The U.S. government and private sector work with South Africans to grow the economy, improve the education system and support South Africa's socio-economic development. The U.S. Embassy aims to promote equitable economic growth and to create jobs by improving the capacity of government and civil society to develop and implement sound economic policies. Another key goal is to strengthen the educational system and to improve the country's skills base, especially among historically disadvantaged South Africans.



WHAT IS THE U.S. MISSION DOING?

- Working towards completion of a Free Trade Agreement between the United States and the Southern African Customs Union (SACU).
- Increasing the volume of trade and investment transactions between the United States and South Africa by helping local firms to take advantage of export opportunities presented by the African Growth and Opportunity Act (AGOA).
- Generating jobs and helping entrepreneurs in the small agribusiness and micro-enterprise sectors.
- Sponsoring training programs in agriculture, commerce, business skills, science, engineering, technology, mathematics, and building construction.
- Improving the quality of economic analysis and opportunities for black South Africans to participate in government analysis and decision making through scholarships and better university programs.
- Contributing to improved economic policy in areas such as tax reform, minerals royalties and pension taxes.
- Providing housing and infrastructure financing for local governments.
- Providing staff training and improved management and planning to South African universities via linkages to U.S. institutions and Fulbright grants.



Photo by R. Zarba/USAID South Africa

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WHAT HAS HAPPENED?

- In 2002, small businesses accessed US\$251 million in financing alone.
- U.S. universities, foundations, USAID and Peace Corps are strengthening education curricula, training staff and students, and improving libraries. Special attention is given to math, science and technology courses.
- Village banking and financial service cooperatives in rural areas have enabled low-income South Africans to access savings, loans and business services.
- 71 economists trained at the graduate level in universities in the United States under the Mandela Economic Scholarship Program are working for the SA government. 50 historically disadvantaged South Africans receive local scholarships each year.
- A USAID program helped 69 parliamentarians whose education was interrupted during the apartheid era to earn BA or MA degrees in Economics.
- Public-private partners have invested over \$1 billion in critical basic infrastructure. An additional \$687 million has been leveraged through new credit programs for private financiers.
- Takalani Sesame Street, developed with USAID, prepares children for reading, math, writing, HIV/AIDS education and shows how the media can be an effective educational tool.



Amb. Hume and S.A. Deputy Minister of Finance Mandisi Mphahlele at signing ceremony

WHAT'S NEXT?

- Offering capacity building assistance to the South African government to support the Free Trade Agreement negotiating process.
- Continuing outreach efforts aimed at informing South African firms about the export opportunities offered by the African Growth and Opportunity Act (AGOA).
- Continuing to work with the American Chamber of Commerce in South Africa on activities to promote Black Economic Empowerment.
- Providing assistance to integrate information technology (IT) into the education curriculum.
- Facilitating linkages between South African and U.S. businesses with the goal of supporting job creation and increased incomes.
- Providing assistance through the U.S. Department of Justice and Federal Trade Commission to the South African Competition Commission to restrain monopoly practices.
- Assisting the South African Treasury through the U.S. Treasury to reform the tax system and enhance government decentralization by improving provincial and local government capacity to establish budgets and generate revenue.
- Set up a facility to analyze and test programs to alleviate poverty and reduce unemployment.
- Working with entrepreneurs to increase the use of clean energy technologies.

USEFUL WEBSITES

Economic Issues

<http://usinfo.state.gov/topical/econ>

USAID

<http://www.sn.apc.org/usaidsa/>

Africa Grantmakers Affinity Group

<http://www.africagrntmakers.org/>

U.S. Peace Corps

<http://www.usembassy.state.gov/southafrica/wwwhpc1.html>

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